

Unofficial Draft Copy

As of: September 29, 2008 (8:50am)

LC0147

Joint Resolution No.

Introduced By *****

By Request of the Legislative Finance Committee

A Joint Resolution of the Legislative Finance Committee of the 60th Legislature of the State of Montana requesting an interim study of the student loan system in Montana and requiring that the final results of the study be reported to the 61st Legislature.

WHEREAS, problems in the national guaranteed student loan secondary market relative to the auction-rate bond market have impacted the Montana Higher Education Student Assistance Corporation, a private non-profit corporation providing a secondary market for student loans in Montana and its affiliate the Student Assistance Foundation, and raised concerns about the availability of loan funds for Montana students; and

WHEREAS, the Montana Guaranteed Student Loan Program is a state agency under the management of the Montana Board of Regents through staff of the Commissioner of Higher Education; and

WHEREAS, institutions of the Montana University System have also taken part in the federal direct student loan programs; and

WHEREAS, recent federal legislation is expected to provide relief to guaranteed student loan lenders for the 2008-09 academic year, and additional changes in federal student loan programs are anticipated; and

WHEREAS, the availability of student loans in Montana has a major impact on the entire student assistance and financial aid

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program for Montana resident students, which is funded with \$23.8 million of general fund money in the 2009 biennium;

NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATIVE FINANCE COMMITTEE:

That the Legislative Council be requested to designate the interim Legislative Finance Committee, pursuant to section 5-5-217, MCA, or to direct sufficient staff resources to study and make recommendations upon:

(1) the student loan system in Montana with a specific focus on an analysis of the guaranteed student loan program, particularly its costs and benefits and how the program is working in Montana, along with a comparative analysis of the direct student loan program, particularly its costs and benefits and how that program could work in Montana;

(2) the student assistance financial aid programs in Montana with a specific focus on the analysis of options for identifying the optimum level of student debt load for Montana resident students in order to identify funding benchmarks for student financial assistance and tuition; and

(3) the policy options related to state funding of need-based financial aid versus merit-based financial aid for Montana resident students.

BE IT FURTHER RESOLVED, that this study and its recommendations be contained in a report to be presented to and reviewed by the interim Legislative Finance Committee, that includes:

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(1) policy options for the legislature to consider including whether the state should continue with the guaranteed student loan program and, if so, whether any changes are recommended to that program including additional governmental oversight relative to the Montana Higher Education Student Assistance Corporation or whether the state should change to the federal direct student loan program, together with an outline of the process required in order to effectuate the change; and

(2) an assessment of the change to the federal direct student loan program on primary and secondary student loan providers in Montana, particularly the Montana Higher Education Student Assistance Corporation.

BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions, comments, or recommendations of the appropriate committee, be reported to the 61st Legislature.

- END -

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